

August 26, 2005

Daniel R. Levinson  
Inspector General  
Office of the Inspector General  
United States Department of Health and Human Services  
Hubert Humphrey Building, Room 416 G  
200 Independence Avenue, SW  
Washington, DC 20201

Dear Mr. Levinson:

Beverly Enterprises (BEI) is an Arkansas-based company that employs 34,300 people nation wide and 3,100 in Arkansas. It operates 350 nursing across the country, including many in Arkansas. BEI has recently entered into an agreement to be purchased by North America Senior Care (NASC).

Previously, NASC acquired another company, Mariner Health Care, which provided nursing home care, and it appears that after making a significant distribution of money to shareholders, the company is now in considerable financial trouble, and is not meeting its financial obligations to creditors or its obligations to patients. In light of these events, I am concerned that there is potential for the NASC purchase of BEI to result in a significant hardship for many patients.

As part of a Corporate Integrity Agreement (CIA), which BEI entered into with the Office of the Investigator General of the United States Department of Health and Human Services, BEI residents were guaranteed that they would be protected by all federal statutes and regulations, as well as by Beverly's policies and procedures which are discussed in the agreement.

Mariner had previously entered into a similar CIA with your office regarding obligations for care for its residents. There are now allegations and a pending lawsuit in Mississippi that Mariner has engaged in misconduct and is not maintaining proper care. While I am not making a comment with regard to the veracity of any of these allegations, I do believe that you should be aware of them.

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Specifically, the CIAs signed by BEI and Mariner were meant to ensure resident care and safety. The definitive merger of Beverly with the group that previously purchased Mariner causes significant concern that the provisions of the CIA will be circumvented or even voided by the merger. I respectfully request that your office take whatever measures are necessary to require continued compliance with the care measures set forth in the CIA entered into by BEI.

Once you have had an opportunity to review this matter, please let me know if you need additional information that my office may be able to provide. My office has previously sent the Mississippi complaint to your office, which an acknowledged receipt has been indicated thereof. I appreciate your cooperation in this matter and I await your response.

Sincerely,



Mark Pryor  
United States Senator

Cc: Honorable Charles Grassley  
Honorable Max Baucus